time except if the new volume procured in a segment would fall below the load cap that had been set for that segment. However, the Auction Manager retains the discretion to make revisions to the load cap in each segment based on the revised Auction volume for each segment.) As soon as practicable during such a time-out, the Auction Manager will either announce that the Auction volume in a segment will not change, or will announce the revised Auction volume for a segment and the revised load cap if applicable. If the volume is cut back in the Fixed Pricing Segment, the Auction Manager will also announce a revised tranche target for each product. The manner in which the tranche targets for the products will be changed on the basis of the revised Auction volume will be announced no later than 10 (ten) business days before the Part 2 Application is due.

As soon as practicable during a called time-out in round 1, the Auction Manager will start the reporting phase of round 1. The Auction Manager will report to the bidders the prices for round 2 as well as an indication of the total excess supply in each segment in round 1. If the load cap for a segment is reduced because it exceeds the reduced volume in that segment, the Auction Manager reports to a bidder whose eligibility is greater than the reduced load cap that the bidder's bid has been adjusted to conform to the reduced load cap. The bidder withdraws any excess eligibility in round 2.

If the Auction volume in one or both segments is cut back, Ameren will implement a *Contingency Plan* for the tranches that have been removed from the Auction. Under the Contingency Plan for the Fixed Pricing Segment, Ameren will purchase necessary services to serve BGS-FP Load or BGS-LFP Load for one year, including capacity and energy, through MISO-administered markets. Pursuant to this Contingency Plan, which is described in more detail in Ameren's Rider MV tariff, Ameren will NOT negotiate contracts with suppliers for BGS-FP Load or BGS-LFP Load after the Auction. This is intended to provide full incentives to prospective bidders of participating in the Auction by making the Auction the only possibility for prospective bidders to serve Ameren's fixed-pricing customers.

The Auction Manager will use a confidential set of guidelines to decide whether to cut back the Auction volume in a segment and to determine the magnitude of any necessary cutback. If the Auction volume in a segment is cut back, it will be cut back to the number of tranches bid in round 1 divided by a parameter called the *target eligibility ratio* (a desired ratio

of tranches bid to the volume). The precise value of this parameter depends on various factors, such as the number of bidders and characteristics of individual bids.

The Auction Manager may further revise the Auction volume in a segment on the basis of the bids as the Auction progresses. If such a revision is necessary to ensure a competitive bidding environment, the Auction Manager will call a time-out during the calculating phase of a round. As soon as practicable during the time-out, the Auction Manager will advise the bidders of the revised Auction volume in the segment and the revised load cap if applicable. Further, the Auction Manager will announce revised tranche targets for each product if the volume cutback is for the Fixed Pricing Segment.

No later than three (3) business days before the start of the Auction, the Auction Manager may release further information regarding the possible values of the target eligibility ratio and the circumstances under which a second volume cutback may be undertaken.

III. D. Round 2 of the Auction

III. D. 1. Definition of a Bid

A bidder registered for the Fixed Pricing Segment selects how many tranches to serve from each product of that segment at the round 2 prices. A bidder registered for the Spot Market Segment selects how many tranches to serve for the BGS-LRTP product. Fully specifying a bid in round 2 may require a bidder to provide *exit prices* (defined below). Exit prices can be required when a bidder is reducing its total number of tranches bid. Fully specifying a bid in round 2 may require a bidder in the Fixed Pricing Segment to provide *switching priorities* (defined below). Switching priorities are required when the bidder in the Fixed Pricing Segment is switching and increasing the total number of tranches bid on two or more products[2].

---

[2] Switching priorities can only be required if there are three or more products. They will be required in the first year of the auction. They may be required in subsequent years if the Ameren load is combined with the load of other Illinois utilities in a single auction process.

III. D. 2. Eligibility

As stated in the introduction to this section on the Auction, a bidder cannot increase its total number of tranches bid at the round 2 prices in a segment from its total number of tranches bid in round 1 in that segment. This is more generally expressed by saying that the bidder cannot bid more tranches in a segment than it's the bidder's eligibility in a segment. A bidder's eligibility in a segment for round 2 is the bidder's total number of tranches bid for that segment in round 1.

III. D. 3. Additional Rules for Bidding in the Fixed Pricing Segment

A bidder can always select the same number of tranches for each product of the Fixed Pricing Segment in round 2 as the bidder selected in round 1. Alternatively, a bidder can request a *withdrawal* or a *switch.*

III. D. 3. a.   Withdrawals

A bidder requests a *withdrawal* when the bidder is reducing the number of tranches bid on a product in the Fixed Pricing Segment and reducing the total number of tranches bid in that segment. A bidder can only request a withdrawal from a product when the price for that product has ticked down from the previous round (*e.g.*, in round 2, when the price has ticked down from round 1 to round 2). If the price for a product has not ticked down, then the bidder's offer in round 1 at that price is binding and cannot be reduced. As explained below, a bidder cannot decrease but can always bid more tranches for a product whose price has not changed from round 1 by reducing the number of tranches from other products whose prices have ticked down to be able to increase the number of tranches bid on that product.

A bidder that withdraws tranches from a product loses the eligibility for the Fixed Pricing Segment associated with these tranches, and forfeits the right to bid these tranches for the remainder of the Auction on any product in the Fixed Pricing Segment. A bidder who requests a withdrawal may see its request refused, as explained further below.

A bidder that withdraws tranches from a product must name an *exit price*. An exit price is a last and best offer on tranches that are being withdrawn. A bidder names an exit price when it is willing to serve a tranche at the previous going price but is unwilling to serve this tranche

at the current going price. A bidder that withdraws several tranches previously bid at the round 1 price for a given product must specify the same exit price for all tranches from that product. An exit price must be less than or equal to the last price at which the tranches were freely bid (in round 2, this is the price in round 1) and must be higher than the product's going price (in round 2, this is the round 2 price, a price at which the bidder is no longer willing to bid the tranches being withdrawn). A bidder that withdraws tranches from more than one product can specify a different exit price for each product.

An exit price enables the Auction Manager to determine which bidder would have remained ready to serve a product had the price ticked down continuously rather than in uneven, discrete decrements. For the Fixed Pricing Segment, the Auction Manager relies on exit prices when the number of tranches bid on a product at the round 2 price falls short of that product's tranche target due to reductions from withdrawals or switches in a round. The Auction Manager will then refuse some or all requests for withdrawals, as needed to fill the tranche target of the product. The tranches with lower exit prices are retained first, and they are retained at the exit price that the bidder has named. Eligibility is lost even if the withdrawn tranches are retained. Any withdrawn tranches that are retained in a round will be released (and the request to withdraw will be accepted) if new tranches are bid at the going price and can serve to fill the tranche target for the product.

If two or more bidders are tied at an exit price, and if the Auction Manager must retain some but not all the tranches from these two or more tied bidders to fill the tranche target of a product, then the Auction Manager, for each tranche to be retained, will choose at random the bidder whose tranche is retained. For the first tranche needed at the tied exit price, the probability that a bidder is chosen is the number of tranches that the bidder has bid at the exit price divided by the total number of tranches bid at the exit price. If a second tranche is needed at the exit price, the Auction Manager again will choose the bidder whose tranche will be retained at random. The probability that any one bidder is chosen is the number of tranches that the bidder has bid at the exit price and that have not yet been retained divided by the total number of tranches bid at the exit price and that have not yet been retained. The Auction Manager repeats this procedure until the tranche target for the product is filled.

III. D. 3. b.   Switches

A bidder *switches* when a bidder is simultaneously decreasing the number of tranches bid for one or more products of the Fixed Pricing , increasing the number of tranches for one or more products of the Fixed Pricing while leaving the total number of tranches bid in the Fixed Pricing the same. As in the case when the bidder is reducing the number of tranches bid on a product because the bidder is withdrawing tranches, the bidder can reduce the number of tranches bid on a product through a switch only if the price for that product has ticked down from the previous round (*e.g.,* in round 2, when the price has ticked down from round 1). If a bidder is reducing the number of tranches bid through a switch for a product whose price has ticked down, the bidder can increase the number of tranches bid on any other product, including products whose price has not ticked down.

In the first Auction, there will be four products in the Fixed Pricing Segment. When there are at least three products in the Auction, it is possible that switches involve increasing the number of tranches bid on more than one product. In that case, the bidder must specify a *switching priority*. A switching priority is a preference assigned to each of the products for which the bidder is increasing the number of tranches bid. A switch priority of "1" assigned to a product is the highest priority. It indicates that, if the request for the switch is partially but not completely accepted, the bidder prefers that the tranches of that product be increased first.

The Auction Manager will use this switching priority only when, to keep a product's tranche target filled, the Auction Manager must retain all tranches that were withdrawn out of that product (if any) and must deny some, but not all, reductions from that product that come from a single bidder's switch. The Auction Manager denies the switches with the lowest priority first to fill the tranche target, and then successively denying switches with higher priority until the tranche target is met. The denied switches are retained at the price at which they were last freely bid (*e.g.,* in round 2, this is the round 1 price). For each tranche of the target that must be filled by denying a reduction from a switch, the Auction Manager chooses at random the bidder whose switch is denied. For the first switch that must be denied, the probability that the Auction Manager chooses a tranche bid by a bidder requesting a switch is the number of tranches by which the bidder's bid on the product is reduced by the switch and that could be denied, divided by the total number of tranches by which the number of tranches

bid on the product is reduced by switches from all bidders and that could be denied. If a second switch must be denied, the Auction Manager again chooses at random the bidder whose switch will be denied. The probability that the Auction Manager chooses a tranche bid by a bidder requesting a switch is the number of tranches by which the bidder's bid on the product is reduced by the switch and that could have but have not yet been denied, divided by the total number of tranches by which the number of tranches bid on the product is reduced by all switches from bidders and that could have been but have not yet been denied. The Auction Manager repeats this procedure until the tranche target for the product is filled. The Auction Manager continues to report that some or all of these switches are being denied in subsequent rounds as long as they are still needed to fill the product's tranche target. If additional tranches are bid onto this product in a later round by any bidder, resulting in an excess number of tranches for that round, then the denied switches may then be freed up (see *free eligibility* below).

III. D. 3. c.   Simultaneous Withdrawals and Switches

A bidder may determine that it wishes to both withdraw and switch tranches from products. If a bidder is both switching and withdrawing, a bidder can reduce tranches from a particular product only if the price for that product has ticked down from the previous round (*e.g.,* in round 2, the price has ticked down from round 1).

In the first Auction, there will be four products in the Fixed Pricing Segment. It is possible that a bidder who is switching and withdrawing will be reducing the number of tranches bid for several products while increasing the number of tranches bid on one or more products. In that case, the bidder will be asked to specify which tranches are being withdrawn and which tranches are being switched. The tranche or tranches that the bidder specifies to be withdrawn are the tranche(s) for which the bidder will name an exit price.

III. D. 4.   Additional Rules for Bidding in the Spot Market Segment

A bidder can always select the same number of tranches of BGS-LRTP Load (*i.e.,* the single product of the Spot Market Segment) in round 2 as the bidder selected in round 1. Alternatively, a bidder can request to bid fewer tranches at the going price than it bid in the previous round. In that case, the bidder is making a *withdrawal* from the Spot Market Segment.

A bidder that withdraws tranches loses the eligibility in the Spot Market Segment associated with these tranches, and forfeits the right to bid these tranches in the Spot Market Segment for the remainder of the Auction. A request for a withdrawal from the Spot Market Segment is always accepted, except in the final round of the Auction where it may be refused as explained below.

A bidder making a withdrawal is required to specify a single exit price for the tranches that the bidder is withdrawing. An exit price must be less than or equal to the last price at which the tranches were bid (*e.g.*, in round 2, this is the price in round 1) and must be higher than the going price (*e.g.*, in round 2, this is the round 2 price, a price at which the bidder is no longer willing to bid the tranches being withdrawn).

In the Spot Market Segment, there is a single product, and the Auction Manager only relies on exit prices in the final round of the Auction if the number of tranches bid at the going price falls short of the tranche target for the BGS-LRTP product. In that case, the tranches with lower exit prices are retained first, and they are retained at the exit price that the bidder has named. If, to fill the tranche target, the Auction Manager must retain some but not all the tranches from two or more bidders that named the same exit price, then the Auction Manager, for each tranche to be retained, will choose at random the bidder whose tranche is retained. For the first tranche needed at the tied exit price, the probability that a bidder is chosen is the number of tranches that the bidder has bid at the exit price divided by the total number of tranches bid at the exit price. If a second tranche is needed at the exit price, the Auction Manager again will choose at random the bidder whose tranche will be retained. The probability that any one bidder is chosen is the number of tranches that the bidder has bid at the exit price and that have not yet been retained divided by the total number of tranches bid at the exit price and that have not yet been retained. The Auction Manager repeats this procedure until the tranche target is met.

III. D. 5.   Calculating and Reporting Phases in Round 2

The calculating phase starts immediately after the bidding phase. Once the Auction Manager has tabulated and reviewed the results, the reporting phase begins. The Auction Manager informs all bidders of the round 3 price for each product of both segments. The

Auction Manager provides to all bidders a range for the total excess supply for each segment of the Auction for round 2. The range of total excess supply reported to bidders will change as the Auction progresses. In a segment, a narrower range will be reported at the start of the Auction when total excess supply is high on the segment. A wider range will be reported to bidders as bidding is ready to close on a segment and the total excess supply for the segment is lower. The exact range of total excess supply provided as the Auction progresses will be specified in detail in advance of the Auction. .

In addition to what the Auction Manager tells all bidders about the general progress of the Auction, the Auction Manager reports privately to each bidder registered in a particular segment the bidder's eligibility in that segment for the next round (round 3). For a bidder registered in a particular segment, the bidder's eligibility in that segment for round 3 is the bidder's eligibility for round 2, minus the number of tranches that the bidder withdrew in round 2.

To each bidder in the Fixed Pricing Segment, the Auction Manager also reports privately a *bid report*, which describes the outcome of the bidder's own bid, as described below. The Auction Manager never reports the bid of one bidder to another bidder.

III. D. 5. a.   Bid Report for Fixed Pricing Segment Bidders

A bidder in the Fixed Pricing Segment may bid in round 2 the same number of tranches on each product as in round 1. If that is the case, the Auction Manager reports the bid made in round 2.

A bidder in the Fixed Pricing Segment may request withdrawals or switches. If all requests are accepted, the Auction Manager reports the bid made in round. However, the Auction Manager may disallow reductions that a bidder wants to make from a product. The Auction Manager retains withdrawn tranches if, by accepting all withdrawals and switches, the tranche target for that product would no longer be filled. Similarly, the Auction Manager denies switches if, after retaining all withdrawn tranches from that product, accepting all switches would prevent the tranche target for that product from being filled. In sum, to fill the tranche target of a product in the Fixed Pricing Segment, the Auction Manager: 1) first takes tranches

that are bid at the round 2 price; 2) then retains tranches that bidders want to withdraw; and 3) finally denies switches that bidders have requested, as necessary.

If the bidder requested to withdraw tranches and some or all of these tranches are retained, the Auction Manager informs the bidder of the number of withdrawn tranches that are being retained and the price at which these tranches are retained. The Auction Manager will report that the request to withdraw is partially or completely granted when there have been a sufficient number of tranches bid at the going price to outbid some or all of the withdrawals that had been retained in filling the tranche target. The price at which the withdrawn tranches are retained is the exit price. The Auction Manager will continue to report that some or all of these tranches are being retained in subsequent rounds as long as they are needed to fill the product's tranche target. While eligibility to bid these tranches in future rounds is lost, these tranches still remain as binding offers by the bidder until the request to withdraw is granted (which may or may not occur).If these retained tranches remain until the end of the Auction, and thereby are designated as winning tranches, they will represent an obligation to serve that Load for the term of that product.

If a bidder requested a switch, and if some or all of these are denied, the Auction Manager informs the bidder of the number of tranches for which the switch is denied. The tranches that the bidder intended to reduce from a product will be retained at the last price at which the tranches were freely bid. In round 2, this price is the round 1 price.

For each tranche of the target that must be filled by denying a reduction from a switch, the Auction Manager chooses at random the bidder whose switch is denied. For the first switch that must be denied, the probability that the Auction Manager chooses a tranche bid by a bidder requesting a switch is the number of tranches by which the bidder's bid on the product is reduced by the switch and that could be denied, divided by the total number of tranches by which the number of tranches bid on the product is reduced by switches from all bidders and that could be denied. If a second switch must be denied, the Auction Manager again chooses at random the bidder whose switch will be denied. The probability that the Auction Manager chooses a tranche bid by a bidder requesting a switch is the number of tranches by which the bidder's bid on the product is reduced by the switch and that could have but have not yet been denied, divided by the total number of tranches by which the number of tranches bid on the

product is reduced by all switches from bidders and that could have been but have not yet been denied. The Auction Manager repeats this procedure until the tranche target for the product is filled. The Auction Manager continues to report that some or all of these switches are being denied in subsequent rounds as long as they are still needed to fill the product's tranche target. The Auction Manager will report that the some or all of the denied switches are outbid when there have been a sufficient number of tranches bid at the going price in subsequent rounds to outbid some or all of the switches that had been denied to fill the tranche target. Denied switches that are outbid becomes *free eligibility* as explained below.

III. E. Round 3 and All Subsequent Rounds

In the Spot Market Segment, round 3 and all subsequent rounds proceed as in round 2. A bidder registered in the Spot Market Segment submits a bid in the bidding phase of each round stating the number of tranches of BGS-LRTP Load that the bidder is willing to serve. The number of tranches bid cannot exceed the bidder's eligibility. The bidder's eligibility in a round is the bidder's eligibility in the previous round, minus the number of tranches withdrawn in the previous round. In the reporting phase, the Auction Manager reports on the general progress of the Auction and the Auction Manager reports privately to each bidder its eligibility for the next round.

In the Fixed Pricing Segment, round 3 and all subsequent rounds generally proceed as in round 2. In the bidding phase of a round, a bidder bids by stating the number of tranches it is willing to serve of each product in the Fixed Pricing Segment at the going prices for the round. The total number of tranches bid cannot exceed the bidder's eligibility. The bidder's eligibility in a round is the bidder's eligibility in the previous round, minus the number of tranches withdrawn in the previous round. A bidder can request to withdraw or switch tranches, provided that the bidder reduces its number of tranches bid only from products for which the price has ticked down. To fully specify a bid, the bidder may be required to provide exit prices and switching priorities. In the reporting phase of the round, the Auction Manager reports on the general progress of the Auction, and the Auction Manager provides a bid report privately to each bidder.

Starting in round 3 and for all subsequent rounds, a bidder in the Fixed Pricing Segment may face the following new situations and be subject to the following new rules:

- A bidder's denied switches may be outbid and become free eligibility.

- A bidder's retained tranche from a withdrawal may be released.

- A bidder with retained tranches on a product from a denied switch who bids new tranches for this same product at the going price for the current round will be deemed to have bid all tranches (including retained tranches from the denied switch) at the going price.

Each of these circumstances or rules is explained in more detail below.

If a bidder has one or more tranches retained from a denied switch in a round, these tranches may be *outbid* in a subsequent round. This means that a tranche from a denied switch is being replaced in filling the tranche target for the product by a tranche that has been newly bid at the going price. This occurs because the Auction Manager takes bids in increasing order of price to fill the tranche target, first taking tranches bid at the going price, then withdrawn tranches, and finally denied switches. New tranches bid at the going price first replace the highest-priced tranches, which are the denied switches. If switches from more than one bidder are retained, and if not all denied switches are outbid, the Auction Manager chooses at random, for each denied switch that will be outbid, the bidder whose switch will be outbid. For the first denied switch that is outbid, the probability that the Auction Manager chooses a bidder's denied switch is the bidder's number of denied switches divided by the total number of denied switches for that product. If a second denied switch must be outbid, the Auction Manager again will choose at random the bidder whose denied switch will be outbid. The probability that the Auction Manager chooses a bidder's denied switch is the bidder's number of denied switches that have not yet been outbid divided by the total number of denied switches that have not yet been outbid. The Auction Manager repeats this procedure until the required number of denied switches has been outbid.

A tranche from a denied switch that is outbid becomes *free eligibility* for the next round. A tranche of free eligibility must be bid in the round in which it becomes available or the eligibility will be lost. A tranche of free eligibility can be bid on any product. If it is not bid

it will be considered to be withdrawn; when a tranche of free eligibility is withdrawn, the bidder does not name an exit price and the tranche will not be retained.

If a bidder has one or more tranches retained from a requested withdrawal, these tranches may be released and the withdrawal granted as new tranches bid at the going price replace the tranches retained from withdrawals in filling the tranche target. As new tranches are bid at the going price these tranches outbid denied switches (if any) and then replace withdrawn tranches, starting with tranches withdrawn at the highest exit price. The Auction Manager reports privately to a bidder if a withdrawn tranche that had been retained is now being released and thereby irrevocably removed from the Auction. If withdrawn tranches from more than one bidder had been retained at the same exit price, and if not all retained tranches at that exit price are being released, the Auction Manager chooses at random the bidder or bidders whose tranches are released and thereby irrevocably removed from the Auction. For the first retained tranche that should be released, the probability that a bidder is chosen is the bidder's number of retained tranches at the tied exit price divided by the total number of retained tranches at that exit price. If a second retained tranche needs to be released, the Auction Manager again will choose at random the bidder whose retained tranche will be released, and the probability that any one bidder is chosen is the bidder's number of retained tranches at the tied exit price that have not yet been released divided by the total number of retained tranches at the tied exit price that have not yet been released. The Auction Manager repeats this procedure until the required number of tranches has been released.

If a bidder has retained tranches on a product for a denied switch and if this bidder bids new tranches for this same product at the going price, the bidder will be deemed to have bid all tranches at the going price for that product. That is, tranches from the denied switch become tranches that are bid at the price for the current round. The Auction Manager, in filling the tranche target for the product, will take first tranches bid at the going price; in these tranches at the going price, the Auction Manager will include any denied switches that have become tranches bid at the current round price (because the bidder has bid new tranches for this same product at the current round price).

III. F. Reporting of General Progress of the Auction

During the reporting phase, the Auction Manager reports on the general progress of the Auction to all bidders with positive eligibility or with retained withdrawals, to a list of representatives from Ameren, to the ICC Staff, and to the Auction Advisor. The Auction Manager reports a measure of the total excess supply in each segment of the Auction and reports the going prices for each product in the next round.

The total excess supply in the Spot Market Segment is the total number of tranches bid for the BGS-LRTP product minus the tranche target for the BGS-LRTP product, or zero, whichever is greater. The total excess supply in the Fixed Pricing Segment is the sum, over all products for which the number of tranches bid exceeds the tranche target, of the excess supplies for the individual products, plus all tranches of free eligibility.

The manner in which the total excess supply in each segment is reported to bidders changes as the Auction progresses. Toward the end of the Auction, when excess supply is small relative to the Auction volume in the segment, the Auction Manager will report excess supply in a range. For example, if the Auction Volume in the Fixed Pricing Segment were 80 tranches, and if excess supply were 21 tranches, the Auction Manager may report that the total excess supply in the Fixed Pricing Segment was below 30 tranches. Earlier in the Auction, when excess supply is larger relative to the Auction Volume in the segment, the Auction Manager will report a more precise measure of total excess supply, providing either a narrower range or the exact total excess supply. When the total excess supply has reached zero for a segment of the Auction, the bidding has closed for that segment. When bidding has closed for both segments, the Auction has ended.

The Auction Manager will announce provisional measures of excess supply for each segment when the Auction Manager announces the number of tranches to be procured for each product of each segment and when the Auction Manager announces the load caps. The Auction Manager will inform the registered bidders no later than three (3) business days after registration of the final measures of total excess supply for each segment that will be reported during the Auction.

The Auction Manager reports the going prices of all products for the next bidding phase. The going prices are calculated through formulas as explained below. However, the Auction Manager has the discretion to override any decrement in any round. The Auction Manager does not expect to use such discretion, but may do so. In the event that the Auction Manager uses discretion to override one or more decrements calculated using the formulas provided to bidders, all bidders will be notified of the override in the reporting phase of the round.

III. F. 1. Price Decrements for the Fixed Pricing Segment

The price for a product only ticks down if the number of tranches bid for the product exceeds the tranche target. The amount by which a price ticks down is called a *decrement* and it is calculated as a percentage of the previous going price.

The decrement for a product is larger (and thus the price for a product ticks down more quickly) if the excess supply for that product is larger. The excess supply on a product is measured against an estimate of the maximum possible excess supply that the product could attract. This estimate takes into account the total excess supply in the Fixed Pricing Segment, the load cap for the segment, the tranche target of the product, and the number of registered bidders.

The decrement formulas allow the price decrements to be larger at the start of the Auction than in later rounds. At the start of the Auction, when the number of tranches bid on a product exceeds the tranche target, the decrement is between 0.5% and 5% of the previous round price. Decrements continue to be between 0.5% and 5% of the previous round price until the going prices for round 4 are calculated. After that time, in the first round in which the total excess supply in the Fixed Pricing Segment falls below a pre-determined threshold, will be between 0.25% and 2.5% of the previous going price, and will remain so until the end of the Auction. Provisional decrement formulas will be released to bidders along with the number of tranches and load caps for each product. Final decrement formulas, that may depend on the number of registered bidders, will be released to all bidders no later than three (3) business days after bidder registration.

All prices are in $/MWh and will be rounded off to the nearest cent.

III. F. 2.   Price Decrements for the Spot Market Segment

The price for the BGS-LRTP product will tick down each round until bidding ends on the segment. The amount by which a price ticks down is called a *decrement* and it is calculated as a percentage of the previous going price. The Auction Manager expects to use a higher decrement in the first rounds of the Auction (*e.g.*, 5%) and to gradually reduce the decrement to 0.5% as the bidding draws to a close. The Auction Manager will release a provisional table providing the decrement as a function of the total excess supply in the Spot Market Segment along with the number of tranches of each product and the load cap. The Auction Manager will release a final table to all bidders no later than three (3) business days after bidder registration.

All prices are in $/MW-day and are rounded off to the nearest cent.

III. G. Pauses In The Auction

The Auction can be paused by either the bidders or the Auction Manager. Any one bidder can pause the Auction by requesting an *extension* during a bidding phase or a *recess* during a reporting phase (subject to the conditions below). The Auction Manager can call a time-out to the Auction at any time during a round.

III. G. 1.   Auction pauses called by the Bidders

When a bidder requests an extension during the bidding phase of a round, such a request extends the bidding phase of the round for all bidders. Typically an extension will be 15 minutes but the Auction Manager may set a longer or shorter length for an extension. Bidders will be advised of the length of an extension at the start of each bidding session. An extension allows a bidder additional time to consider its bid for the current round or allows a bidder time to deal with technical difficulties in submitting bids. A maximum of one extension per round can be granted in the bidding phase of a given round; that is, the bidding phase of a round can be extended only once. Each bidder is allowed three (3) bidding extensions during the Auction. A bidder with positive eligibility is automatically deemed to have requested a bidding extension whenever the bidder has not submitted a bid during the bidding phase of a round and if the bidder has not already used its three (3) allowable extensions. Extensions from all bidders

are granted but all extensions run concurrently. All bidders that have requested a bidding extension during the bidding phase of a round will see their available number of extensions reduced and the extension will last only 15 minutes (or the time for an extension set by the Auction Manager). The Auction Manager reports to all bidders at the end of the planned bidding phase that the bidding phase has been extended.

A recess may only be requested during the calculating phase or during the reporting phase. A recess may only be requested before the scheduled last half of the reporting phase of a round starts, or before the last 5 minutes of the reporting phase of a round, whichever is earlier. (That is, if the reporting phase of a round is scheduled to be 8 minutes, then the recess must be requested before the last 5 minutes of the reporting phase; if the reporting phase of a round is scheduled to be 14 minutes, then the recess must be requested before the last 7 minutes of the reporting phase.) A recess may only be requested after round 10, and only if the total excess supply in at least one segment has reached a pre-determined threshold. The length of a recess is determined by the Auction Manager, but will be no less than 30 minutes. The Auction Manager will advise all bidders of the length of a recess at the start of the bidding session.

As soon as is feasible after the time at which a recess can be requested has passed, the Auction Manager reports to all bidders that a recess has been called. Each bidder is allowed to request at most one recess during the Auction. All recess requests are granted, but all requested recesses run concurrently. All bidders making a request in a given calculating or reporting phase will be deemed to have used a recess request. All bidders that have requested a recess will see their available number of recesses reduced to zero.

III. G. 2. Auction Pauses Called by the Auction Manager

The Auction Manager can call a time-out to the Auction at any time during a round. It is intended that a time-out suspend activity in the Auction for a period of no more than four hours; however, the Auction Manager retains the discretion to suspend activity for a longer period if deemed necessary. Whenever a time-out is called, the Auction Manager reports to all bidders with a remaining obligation how long the time-out is expected to last.

During the calculating phase of round 1, the Auction Manager may call a time-out to the Auction to evaluate whether the Auction volume in a segment should be adjusted. The Auction

Manager has the discretion to call additional time-outs during the Auction. Such discretion could be used, for example, in case of an extraordinary event occurring during the Auction. The Auction Manager expects to exercise this discretion only rarely.

III. H. Failure To Submit A Bid

A bidder with positive eligibility in a segment of the Auction must submit a bid in every round. This is true even when the bidder's bid does not change. This is also true for a bidder in the Fixed Pricing Segment even when the bidder is bidding only on products whose price has not ticked down.

If a bidder with positive eligibility does not submit a bid during the bidding phase of a round, the bidder is granted an extension whenever possible. If the bidder has previously used all three (3) extensions, or if the bidder does not submit a bid during the extension to the bidding phase, then the bidder has failed to submit a bid. When a bidder with positive eligibility has failed to submit a bid in a round, the bidder is assigned a *default bid*. A default bid is the minimum number of tranches on each product that the bidder could have bid on each product, as explained below.

III. H. 1. Default Bid in the Spot Market Segment

The default bid for a bidder in the Spot Market Segment is 0 tranches on the BGS-LRTP product. In round 2 and all subsequent rounds, the bidder will be deemed to have withdrawn all tranches at the highest possible exit price, namely the going price from the previous round.

As a consequence of a bidder being assigned a default bid, the bidder will be withdrawn from the segment, *i.e.*, the bidder loses the ability to submit bids in the Spot Market Segment for the remainder of the Auction. It is the responsibility of the bidder to make sure that bids are submitted on time.

III. H. 2. Default Bid in the Fixed Pricing Segment

The default bid for a bidder in the Fixed Pricing Segment in round 1 is 0 tranches on each and every product.

The default bid for a bidder in the Fixed Pricing Segment in round 2 and all subsequent rounds is described in detail as follows.

If the bidder had some tranches of free eligibility, these tranches are deemed to be withdrawn and are irrevocably removed.

If, in the previous round, a bidder did not bid any tranches on a product at the going price and, in the reporting phase of that round, the Auction Manager reported that the bidder did not have any retained withdrawals or denied switches for that product, then the bidder is assigned zero tranches for that product.

If, as of the reporting phase in the previous round, a bidder had some tranches on a particular product at the going price for the previous round, and if the product's price ticked down from the previous round to the current round, then the bidder is deemed to have withdrawn all tranches at the highest exit price, namely the price from the previous round. The bidder loses the eligibility associated with these tranches. All tranches with a lower exit price named by bidders that have submitted a bid in the current round are retained first. All tranches with the same exit price named by bidders that have submitted a bid in the current round are retained next. If all the withdrawn tranches by the bidder and by other bidders that were assigned a default bid are needed to fill the tranche target, these tranches are retained. If some but not all of the tranches submitted by the bidder and other bidders that were assigned a default bid are needed, tranches are chosen at random to fill the tranche target, in a procedure analogous to that used for bidders that submitted a bid, as described in III. D. 5.

If, as of the reporting phase in the previous round, a bidder had some tranches on a particular product at the going price for that round, and/or retained withdrawals, and/or denied switches; if the product's price did not tick down from the previous round to the current round; and if there is excess supply on the product in the current round, so that the price will tick down in the next round, then:

- all withdrawals that were previously retained are released and the bidder has no remaining obligation from those tranches;

- all switches that had previously been denied are outbid and the bidder is assigned free eligibility for those tranches;

- all tranches previously bid at the going price are bid again on the product at the going price. If the bidder does not bid in the next round these tranches will be withdrawn and assigned the highest exit price.

If, as of the reporting phase in the previous round, a bidder had some tranches on a particular product bid at the going price, and/or retained withdrawals, and/or denied switches; if the product's price did not tick down from that round to the current round; and if there is no excess supply on the product in the current round so that the price will not tick down in the next round, then:

- any tranches bid at the going price continue to be bid at the going price;

- if any new tranches were bid on the product at the going price in the current round, the denied switches (if any) of bidders that have been assigned default bids are outbid first, before the denied switches of bidders that have submitted a bid in the current round are outbid. If more than one bidder has been assigned a default bid, and if some but not all denied switches from such bidders are outbid, then for each denied switch that must be outbid, the Auction Manager chooses at random among the default bidders the bidder whose switch is outbid, in a procedure analogous to that used for bidders that submitted a bid, as described in III. E;

- if any new tranches were bid on the product at the going price in the current round, and if all denied switches from default bidders and from bidders that submitted a bid are outbid, retained withdrawals are released, starting with the highest named exit price. For a given exit price, tranches from bidders that have been assigned default bids (if any) are released first, before the retained withdrawals of bidders that have submitted a bid in the current round. If more than one bidder has been assigned a default bid, and if some but not all of the retained withdrawals from such bidders must be released at a given exit price, then for each retained withdrawal that must be released, the Auction Manager chooses at random among the default bidders the bidder whose withdrawn tranche is released, in a procedure analogous to that used for bidders that submitted a bid, as described in III. E.

The bidder can lose its ability to bid in the Fixed Pricing Segment for all future rounds by failing to bid during the bidding phase of a round or during its extension. It is the responsibility of the bidder to ensure that bids are submitted on time.

III. I. End Of Auction

Bidding ends on each segment of the Auction separately. Bidding ends in the Fixed Pricing Segment for all products at the same time, in the reporting phase of the first round in which total excess supply is zero. At that point, all prices have stopped ticking down, and no bidder could change its bid. Bidding ends in the Spot Market Segment in the reporting phase of the first round in which total excess supply is zero. The Auction ends when bidding has ended in both segments.

At the end of the Auction, tranches are allocated to the winners and all the winners for a particular product receive the same price for that product. This price is the lowest price bid for each product that still allows supply just sufficient to fill the tranche target. The price is determined more precisely as explained below.

III. I. 1. Final Auction Prices in the Fixed Pricing Segment

The final auction price for a product depends on how the tranche target for the product was filled in the final round.

If, to fill the tranche target for a product of the Fixed Pricing Segment in the final round, only tranches bid at the going price are used, the winners are those that submitted bids at the going price from the final round. The final price given to all winners is the going price from the final round.

If, to fill the tranche target for a product in the final round, withdrawn tranches must be retained, but no switches were denied, then the winners are the bidders that submitted bids at the going price from the final round and the bidders that submitted the lowest of the exit prices. If, to fill the last tranches of the tranche target of a product in the final round, the Auction Manager must use some but not all the tranches from two or more bidders tied at the same exit price, then the Auction Manager, for each tranche, will choose at random the bidder whose

tranche is retained, as described in III. D. 3. a. The final price given to all winners is the last exit price that was accepted to fill the tranche target.

If, to fill the tranche target for a product in the final round the Auction Manager must deny requests to switch, then the winners are the bidders that submitted bids at the going price from the final round, the bidders that withdrew tranches (if any), and the bidders whose requests to switch (by reducing the number of tranches for that product) were denied. The final price received by all winners is the price at which the denied switches were last freely bid.

III. I. 2.   Final Auction Price in the Spot Market Segment

If in the final round the number of tranches bid for the BGS-LRTP product exactly matches the tranche target for that product, the winners are those that submitted bids at the going price in the final round. The final auction price given to all winners is the going price from the final round.

If in the final round withdrawn tranches must be retained to fill the tranche target, the winners are the bidders that submitted bids at the going price from the final round and the bidders that submitted the lowest of the exit prices. If the Auction Manager must use some but not all the tranches from two or more bidders tied at the same exit price, then the Auction Manager uses a tie-breaking procedure, as explained in section III. D. 4. The final auction price given to all winners is the last accepted exit price.

IV.   POST AUCTION ACTIONS

`Ameren's Rider MV tariff provides for prompt post-auction consideration of the Auction results by the ICC. If the ICC concludes that grounds exist to initiate an investigation of the Auction under Section 9-250 or other applicable provisions of the Public Utilities Act, the ICC would provide notice of that conclusion to Ameren. Receipt of such a notice within the post-auction consideration period of three (3) business days would trigger a special contingency procedure as specified in the tariff. If the ICC concluded that no grounds for such a notification were present, Ameren would proceed with the acquisition of supply from the successful bidders of the Auction.

In that event, the Auction Manager will notify each winner of the number of tranches it has won and the final prices. The Auction Manager will notify Ameren of the following for each of its products in each category of the Auction: the identity of the winners, the number of tranches won by each winner, and the final price.

Following a successful Auction, each winner will have three (3) business days from the conclusion of the post-auction consideration period to execute the applicable Supplier Forward Contract and to demonstrate compliance with its creditworthiness requirements.

Following a successful Auction, a winner's financial guarantee, which will have been posted with its Part 2 Application, may be forfeited if:

- The winner does not execute the applicable Supplier Forward Contract within three (3) business days of the conclusion of a successful auction; or

- The winner fails to demonstrate compliance with the creditworthiness requirements as set forth in the applicable Supplier Forward Contract; or

- The winner fails to agree to any of the terms of the Supplier Forward Contract.

Effective with the exercise by Ameren of its right to collect on the financial guarantees, any contractual rights or other entitlements of the winners shall immediately terminate without further notice by Ameren. In addition, winners shall be liable for damages incurred by Ameren, which damages shall be determined in accordance with the terms of the Supplier Forward Contract as if the winner were a defaulting party to that Agreement.

Each winner will have to pay a fee per tranche won. This fee will be set to recover all the costs associated with the conduct of the Auctions. The Auction Manager will announce the fee per winning tranche no later than 6 days before the Auction. The fee will be netted against the first payment due to the winner during the supply period, reducing the balance paid accordingly.

V. ASSOCIATION AND CONFIDENTIAL INFORMATION RULES

V. A. Process For Reporting Associations, Identifying Concerns, And Remedies

Interested parties applying to qualify to bid in the Auction will be required to indicate in their Part 1 Applications whether they are part of a bidding agreement, a joint venture for purposes of participating at the Auction, a bidding consortium or some other form of arrangement between parties pertaining to bidding in the Auction. Interested parties will also be required to certify in their Part 1 Application that, should they qualify to participate in a segment of the Auction, they will not disclose information regarding the list of qualified bidders for that segment.

Once parties are qualified to bid in a segment of the Auction, each qualified bidder will be asked in its Part 2 Application to make a number of certifications, each detailed below, and to provide additional information to the Auction Manager if these certifications cannot be made. In particular, each qualified bidder in a segment will be informed of the list of qualified bidders for that segment and will be asked to certify that it is not associated with any other qualified bidder in the same segment. If a qualified bidder cannot make such a certification, it will be asked to identify associations it may have with other qualified bidders in the same segment. The criteria that determine whether two bidders are associated with one another are given below. If two bidders qualified for the same segment are associated with one another, the Auction Manager will determine whether the two qualified bidders can both participate, as well as the terms and conditions of such participation. The Auction Manager may require bidders that are qualified for the same segment and that are associated with one another to bid as one entity or to reorganize so as to no longer be associated with one another.

Qualified bidders will be asked to certify that they will undertake to appropriately restrict their disclosure of confidential information relative to their bidding strategy and confidential information regarding the Auction process (both of which are defined in V. C). Qualified bidders in a segment will also be asked to certify that they have not come and will not come to any agreement with another qualified bidder in the same segment with respect to bidding at the Auction, except as disclosed and approved by the Auction Manager in their Part 1 Application.